

Inclusionary Housing in Chicago: the Affordable Requirements Ordinance (ARO)



The ARO was created in 2003 and revised in 2007 to create affordable units in private-market developments. Developments subject to ARO (see below) must set aside 10% of residential units as affordable housing OR donate \$100,000 per required unit to the City's Affordable Housing Opportunity Fund. For projects receiving financial assistance from the City, 20% of the units must be affordable.

Projects are generally subject to the ARO if they include ten or more residential units AND:

- ☐ Receive a zoning change that:
 - permits a higher floor area ratio (FAR);
 - changes from a non-residential to a residential use;
 - permits residential uses on ground floor, where that use was not allowed;
- ☐ Include land purchased from the City (even if purchase was at the appraised value);
- ☐ Receive financial assistance from the City; **OR**
- ☐ Are part of a Planned Development (PD) in a downtown zoning district.

Generally, **Projects are exempt from the ordinance** if

- ☐ Land was purchased between May 13, 2005 and May 13, 2007; **OR**
- ☐ Zoning Changes or PDs filed with the Zoning Administrator before August 21, 2007.

For-sale housing must be **affordable** to households earning 100% of the area median income (AMI) as defined by the US Department of Housing and Urban Development (HUD). Using these income guidelines, the City's uses a formula, based on the market price, assessments, and projected property taxes specific to each development to determine the unit's maximum affordable price. Rental housing must be affordable to households earning 60% of the AMI.

HUD Median Income by number in Household (effective 12/11/2012)				
Number in Household	50% of Median	60% of Median	80% of Median	100% of Median
1	\$25,800	\$30,960	\$41,250	\$51,600
2	\$29,450	\$35,340	\$47,150	\$58,900
3	\$33,150	\$39,780	\$53,050	\$66,300
4	\$36,800	\$44,160	\$58,900	\$73,600
5	\$39,750	\$47,700	\$63,650	\$79,500

Affordable units are typically placed in the **Chicago Community Land Trust (CCLT)**, which ensures the unit's long-term affordability. The Department of Housing & Economic Development income-qualifies purchasers/renters, and may provide marketing assistance. **For more information**, contact Kara Breems (312.744.6746 or Kara.Breems@cityofchicago.org).